

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Branch**

**RESOLUTION NO. W-4345
August 8, 2002**

RESOLUTION

**(RES. W-4345), CALIFORNIA UTILITIES SERVICE, INC. (CUS).
ORDER AUTHORIZING A SURCHARGE TO RECOVER AN
UNDERCOLLECTION IN ITS PURCHASED POWER BALANCING
ACCOUNT PRODUCING AN INCREASE IN ANNUAL REVENUE OF
\$15,437 OR 2.2%.**

SUMMARY

By Advice Letter No. 30, filed on May 28, 2002, CUS seeks revision of its tariff Schedule No. 1, General Flat Rate Service, to provide an increase in revenues of \$15,437 or 2.2% to recover an undercollection in its purchased power balancing account, which was accrued between January 1, 2001 and November 29, 2001. This resolution authorizes a surcharge of \$1.15 per customer per month for twelve months to recover the undercollection in its purchased power balancing account providing an increase in revenue of \$15,437 or 2.2%. The rate increase will not result in a rate of return greater than that last authorized for CUS.

BACKGROUND

CUS requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset the \$15,128 uncollected balance in its purchased power balancing account, and \$309 in related increases in local franchise taxes, uncollectibles, and interest on the amount in the balancing account. The purchased power increases were approved by California Public Utilities Commission's (Commission) Decisions Nos. (D.) 01-01-018, D.01-03-082, and D.01-05-064, which authorized the Pacific Gas and Electric Company (PG&E) to increase its rates.

CUS serves approximately 1,111 flat rate sewer customers in an area midway between the cities of Salinas and Monterey, in the vicinity of and along State Highway 68, Monterey County.

The present rates of CUS became effective on May 22, 2002, pursuant to Res. No. W-4329, which authorized a general rate increase of \$109,320 or 18.7%.

DISCUSSION

Effective January 4, 2001 and March 27, 2001, PG&E increased rates for purchased power by one cent per kilowatt-hour (kWh) and three cents per kWh, respectively, pursuant to D.01-01-018 and D.01-03-082.

Effective June 1, 2001, pursuant to D.01-05-064, PG&E rates were increased by an average of six cents per kWh for summer consumption and an average of three and a half cents per kWh for winter consumption for rate schedules A-1 and A-10. These PG&E rate increases have resulted in CUS' purchased power balancing account to accumulate an under-collection of \$15,128 excluding franchise taxes, uncollectibles and interest as of November 29, 2001. The Water Division staff (Division) has reviewed CUS' request and find it to be reasonable.

CUS' recorded earnings for the year 2001 shows that the utility's rate of return was 1.7%. Its authorized rate of return was 13.00%, therefore, CUS was not over-earning its authorized rate of return during the period (year 2001) when the under-collection was accumulated.

Ordinarily, balancing account under-collections for purchased power are recovered through a surcharge on water use. Since CUS is a flat rate sewer system, the Division concurs with CUS' request and recommends that the utility be authorized to assess a surcharge per customer of \$1.15 per month for twelve months to recover the under-collection in its purchased power balancing account as of November 29, 2001. As ordered in Res. No. W-4294, dated November 29, 2001, all over/under-collection purchased power entries subsequent to November 29, 2001, must be placed in a separate balancing type memorandum account, the disposition of which is to be determined in the OIR required by Res. No. W-4294.

NOTICE AND PROTESTS

Notice of the proposed rates was published in The Monterey County Herald on July 3, 2002. The Water Division received no letters objecting to the rate increase.

FINDINGS

The Commission finds, after investigation by the Water Division, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED that:

1. Authority is granted under Public Utilities Code Section 454 for California Utilities Service, Inc. to make effective the revised rate Schedule No. 1, General Flat Rate Service, attached to Advice Letter No. 30, and concurrently to cancel its presently effective rate schedule. The effective date shall be 5 days after the date of the resolution.
2. California Utilities Service, Inc. is directed to maintain a separate balancing account to track these revenues against the accrued undercollection in accordance with Public Utilities Code Section 792.5. The surcharge shall terminate if recovery occurs in less than twelve months.
3. This resolution is effective today.

I hereby certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 8, 2002; the following Commissioners approved it:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

HENRY M. DUQUE

CARL W. WOOD

MICHAEL R. PEEVEY

Commissioners

Commissioner Geoffrey F. Brown, being
necessarily absent, did not participate.